

ASSEMBLY BILL

No. 1203

Introduced by Assembly Member Salas

February 23, 2007

An act to add Section 1373.67 to the Health and Safety Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1203, as introduced, Salas. Health care service plans: hospital contract cancellation.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, the willful violation of which is a crime, provides for the regulation of health care service plans by the Department of Managed Health Care. Existing law requires health care service plans to provide affected enrollees with written notice of certain information prior to the termination date of its contract with a provider group or general acute care hospital.

This bill would require a general acute care hospital that cancels its contract with a health care service plan as a result of its acquisition by another person or entity to orally notify the plan, within 3 days, of the number of enrollees who are patients of the hospital. The bill would prohibit a hospital that violates this requirement from charging the plan more than the contracted rate for the care of those enrollees. The bill would provide that a violation of these requirements is not a crime.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1373.67 is added to the Health and Safety
2 Code, to read:

3 1373.67. (a) When a general acute care hospital terminates its
4 contract with a health care service plan as a result of its acquisition
5 or purchase by another person or entity, the hospital shall orally
6 notify the plan, within three days of the contract termination, of
7 the number of enrollees of the plan who are patients of the hospital
8 at that time.

9 (b) A general acute care hospital that fails to comply with the
10 requirement of subdivision (a) shall not charge the health care
11 service plan more than the contracted rate for the care of an enrollee
12 of the plan who was, at the time of the contract termination, and
13 continues to be a patient of the hospital.

14 (c) Notwithstanding any other provision of law, a violation of
15 this section shall not be a crime.

O